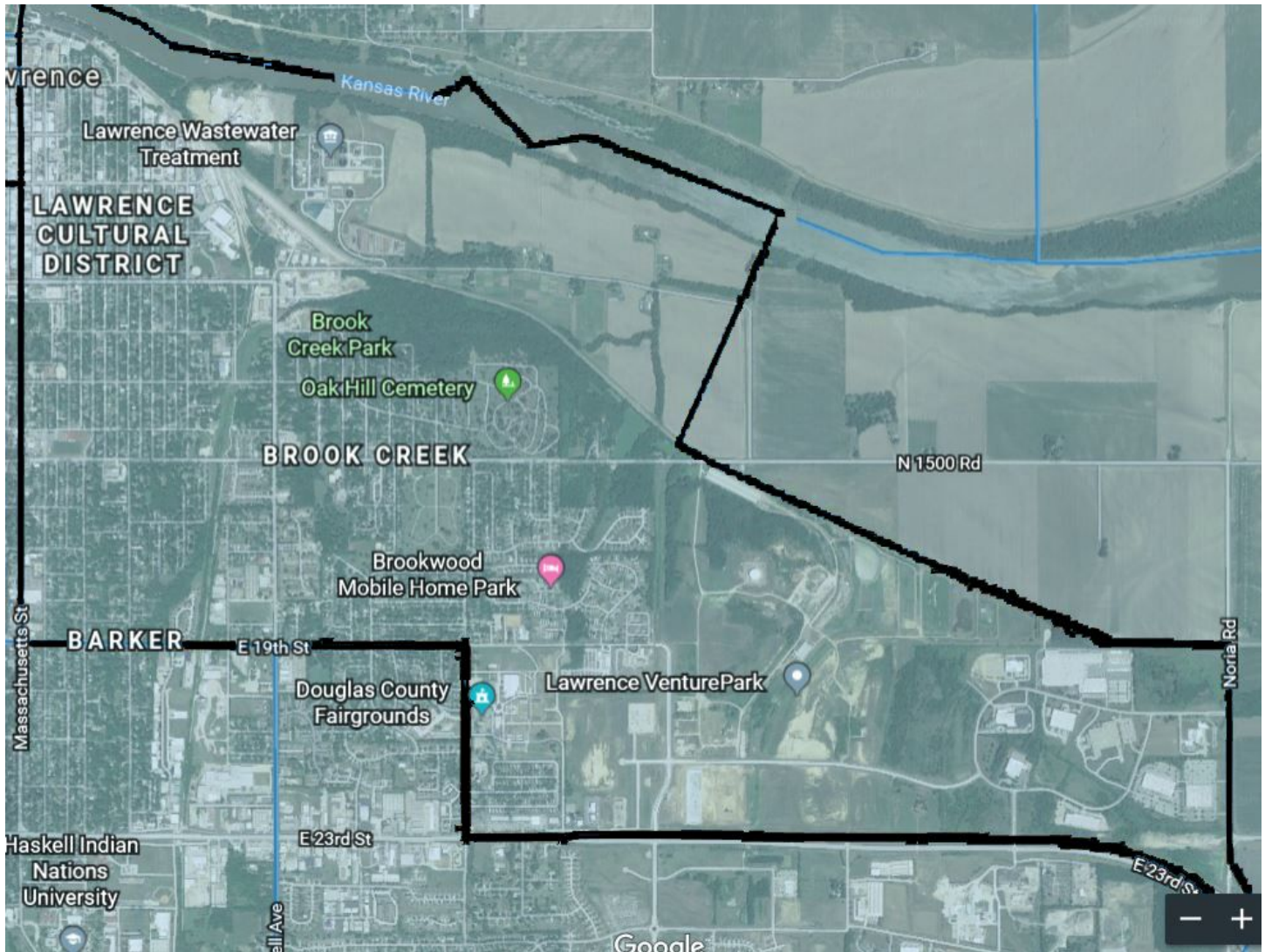


Opportunity Zones in Lawrence, Kansas:

Threats, Opportunities, and Recommendations



Map of the Opportunity Zone that includes the East Lawrence, Brook Creek, and Barker neighborhoods, with apologies for the Google Earth error of calling East Lawrence the “Lawrence Cultural District” I reported that error to Google.

Potential Threats

“If everything goes right, a big slice of the estimated \$6.1 trillion of paper profits currently resting on American balance sheets is about to go to work to revitalize America’s depressed communities. If all goes wrong, however, it will prove to be one of the biggest tax giveaways in American history, all in service of *gentrifying neighborhoods and expelling local residents.*” An Unlikely Group Of Billionaires And Politicians Has Created The Most Unbelievable Tax Break Ever, Forbes (<http://bit.ly/LFK10>)

“Research suggests place-based incentive programs redistribute rather than generate new economic activity, subsidize investments that would have occurred anyway, and *displace low-income residents*

by increasing property values and encouraging higher skilled workers to relocate to the area.”

Opportunity Zones: What We Know and What We Don't, Tax Foundation (<http://bit.ly/LFK15>)

"Supporters say this will help revitalize distressed communities, but there is a risk that instead of helping residents of poor neighborhoods, the tax break will *end up displacing them* or simply provide benefits to developers investing in already-gentrifying areas." Will Opportunity Zones help distressed residents or be a tax cut for gentrification?, Brookings Institute (<http://bit.ly/LFK17>)

“... additional investment driven by opportunity zones could have the unintended effect of fueling higher real estate prices that serve to *displace low-income citizens and businesses* rather than benefit them." How Opportunity Zones Benefit Investors and Promote Displacement, Institute on Taxation and Economic Policy (<http://bit.ly/LFK16>)

“But the “opportunity zones” could also lead to *private investors tearing down existing houses* to build big, new houses and getting tax breaks on their returns” “So you drive gentrification, is that your point?” Tax breaks could drive new development in Durham. Could they also worsen gentrification? Durham NC News & Observer (<http://bit.ly/LFK18>)

“While the Opportunity Zone incentive may increase real estate development in certain geographic areas, there are *no guarantees that existing residents will not be displaced* in favor of luxury condominiums.” The Treasury Department’s Regulations for Opportunity Zones Ignore the Communities They Should Serve, Center for American Progress (<http://bit.ly/LFK22>)

Potential Opportunities

We would like to see Opportunity Zones used as a tool to maximize community benefit and minimize negative impacts in neighborhoods by creating significant permanently affordable housing stock, by softening or eliminating further economic strain on already existing affordable housing stock and neighborhood residents, and by creating new economic and employment opportunities for community members beyond those directly invested in the development properties within the opportunity zones.

We call on the City of Lawrence to design and advance local equity policies that govern investments and affordable housing options within opportunity zones and throughout the city.

For example, several cities, including Minneapolis, have signaled to the investment community that they want opportunity zone projects to deliver a social good, such as affordable housing, and that they do not want opportunity zone funding to be used for luxury housing or other projects that displace residents. A few examples:

New tax breaks could lift distressed areas - or become a big, gentrifying tax giveaway, TwinCities.com (<http://bit.ly/LFK23>)

Can Opportunity Zones Provide Transformational Change In Affordable Housing?, Baltimore Real Estate News (<http://bit.ly/LFK24>)

Opportunity Zones: A New Tool for Affordable Housing, CAHEC - a nonprofit regional tax credit equity syndicator that helps finance the development of affordable rental housing (<http://bit.ly/LFK25>)

Recommendations

We feel that positive collaborations are possible among all stakeholders, and we wish to see every effort made to ensure a democratic deliberative process and meaningful and broad citizen engagement.

We believe the policy prescriptions outlined in the PolicyLink brief, Equitable Economic Development in Opportunity Zones - Recommendations for Opportunity Zones Leveraging private investment for equitable economic development (<http://bit.ly/LFK26>) provide sound tools for community stakeholders (residents and businesses) to utilize local control of Opportunity Zones to avoid gentrification and displacement of existing residents.

Recommended target outcomes

To make that happen, we recommend that the Lawrence City Commission take a proactive approach to guide Opportunity Zone investments toward three outcomes:(Source: Policylink op. cit.)

- A. Equitable growth. Opportunity Zones should leverage tax incentives to create good jobs, increase economic security and mobility, and eliminate the racial wealth gap. Projects in the zones should result in jobs that provide wages that support a dignified standard of living, full benefits and workers rights, and safe and healthy working conditions. Developers and investors of color should have access to contracting opportunities in the zones.
- B. Development without displacement. In addition to bringing economic opportunity and vitality to disinvested communities, development in Opportunity Zones should foster greater housing affordability and security for families most at risk of displacement, including low-income households and households of color.
- C. Healthy communities of opportunity. Investments should drive equitable growth and prosperity for current low-income residents and communities of color within the zones. Projects should increase services available to vulnerable populations such as affordable transportation options, health-care facilities, healthy food retail, and quality education services.

Recommended actions

To make this happen, we recommend that the Lawrence City Commission implement the five measures PolicyLink recommends that cities take, a sixth recommended by our team, and others required to produce the OZ outcomes listed above.

1. Engage residents in setting priorities for investment in the Opportunity Zones.
2. Design and advance local equity policies that govern investments within zones.
3. Dedicate local dollars to projects in Opportunity Zones which can deliver equitable growth, development without displacement, and healthy communities of opportunity.
4. Monitor and report outcomes of the Opportunity Zone investments, according to performance indicators such as: living wage jobs created, number of dedicated affordable housing units created or preserved (60 percent of area median income or less), and investments in minority/disadvantaged/ women-owned businesses.
5. Explore opportunities to capitalize existing Opportunity Funds and / or establish publicly administered Opportunity Funds.
6. The city should work with neighborhoods to identify inconsistent zoning within their boundaries, and provide support to the Neighborhood Associations to get that changed to be more compatible zoning.